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October 25, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Boston Gas Company d/b/a KeySpan Energy Delivery New England, D.T.E. 05-66

Dear Ms. Cottrell:

Please find attached the responses of Boston Gas Company d/b/a KeySpan Energy Delivery New England (the "Company") to the Department of Telecommunications and Energy's First Set of Information Requests to the Company in the above-referenced proceeding.

Please contact me or Cheryl Kimball if you have any questions regarding the filing.

Sincerely,

Robert J. Keegan

Enclosures
cc: Jeanne Voveris, Hearing Officer
Joseph Rogers, Assistant Attorney General

FIRST SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO BOSTON GAS COMPANY
d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND

D.T.E. 05-66

Respondent: Ann Leary

Information Request DTE 1-1

Q. For the year 2004, please provide the increase in tax depreciation deductions taken resulting from the bonus depreciation provisions of Section 168(k) of the Internal Revenue code.

A. The bonus tax depreciation recognized in 2004 was $48,351,188. As with all book and tax timing differences, this increase in tax depreciation was normalized on the Company's books with no resulting impact on earnings.

FIRST SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO BOSTON GAS COMPANY
d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND

D.T.E. 05-66

Respondent: Ann Leary

Information Request DTE 1-2

Q. Refer to Attachments 9 and 10 of the Company's 2nd Annual PBR Rate Adjustment Filing. Provide all supporting calculations and working papers used to calculate the actual bad debt dollar amounts as shown in Column D.

A. The actual bad debt dollar amount shown in Column D represents the amount of bad debt expense the Company has recovered from its ratepayers in accordance with D.T.E. 03-40. In that order, the Department directed the Company to calculate its gas-cost related bad-debt expense being targeted for recovery each year in the CGA by multiplying the percent of bad-debt writeoffs related to gas costs to a total annual bad-debt expense of $9.326 million. During the first GAF year following the order (November 1, 2003 through October 31, 2004), the Department directed the Company to recover 55.3% of the allowed bad debt expense or ($5.157 million) through the GAF (see D.T.E. 03-40 at page 267).

In Exhibit 9 and Exhibit 10, the sum of the actual bad-debt expense in the Reconciliation found in column "D" for the period November 2003 through October 2004 totals to the $5.157 million targeted for recovery in D.T.E. 03-40. For the months of November 2003 through February 2004, the Company calculated the gas-cost related bad-debt expense targeted for recovery by multiplying the actual monthly net writeoffs by 55.3%. For the months of March through October 2004, the Company amortized the difference between the targeted amount ($5.157 million) and the amount recorded from Nov 03-Feb 04 period ($4.198 million) over an 8-month period (($5,157,280-$4,197,949)/8 = $119,916).

For the period November 2004 through October 2005, the percent of bad debt writeoffs related to gas costs increased from 55.3% to 60.6%. Thus, the amount of gas-cost related bad debt expense increased to $5.648 million ($9.326 million multiplied by the gas-cost related bad debt ratio for 2004 of 60.6%). Please see the Company's November 2004 CGA filing at Page 4. The Company allocated this annual amount on a volumetric basis to each month subsequent to October 2004, which appears on Attachments 9 and 10. As indicated in the filing, these targeted amounts significantly undercollect the Company's actual bad debt expense and requires further reconciliation through the CGA.

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THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
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D.T.E. 05-66

Respondent: Ann Leary

Information Request DTE 1-3

Q. Refer to Attachments 9 and 10 of the Company's 2nd Annual PBR Rate Adjustment Filing. Explain why bad debt (Column D) remains constant from March 2004-October 2005 in each attachment.

A. Please see the Company's response to Information Request DTE 1-2.

FIRST SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO BOSTON GAS COMPANY
d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND

D.T.E. 05-66

Respondent: Ann Leary

Information Request DTE 1-4

Q. Refer to Attachment 2, at 4 of the Company's 2nd Annual PBR Rate Adjustment Filing. Please provide the earnings sharing calculation for the year 2004 similar to the manner it was calculated in D.T.E. 04-88, Attachment 2, at 4 replacing year end equity balance with the average equity for the year or the sum of equity at the beginning of the year and equity at the end of the year divided by two.

A. As shown on Attachment 2, page 5 of 6 of the Company's initial filing in D.T.E. 05-66, Beginning Utility Common Equity was $444,065,144 and Ending Utility Common Equity was $479,812,166, which results in an Average Common Equity amount of $461,938,655. This is the equity amount shown on Attachment 2, page 4 of 6, line 3, which was erroneously labeled "Year Ending Common Equity Balance ($000)". This label should be changed to "Year Average Common Equity Balance ($000)" with the amount of $461,938,655. Attachment A to this response is a corrected version of Attachment 2, page 4 of 6 from the original filing. In addition, as Attachment B to this answer, the Company is including a revised Attachment 2, page 4 of 6, which shows the ROE calculation of 6.58 percent using the year-end equity balance, which was determined by the Department in D.T.E. 97-92 (1997) to be an appropriate basis for calculating the Company's earned ROE.

Earnings Sharing Calculation

Line No.		2004 Actual	Upper Bandwidth	Lower Bandwidth
1	BGC Net Income ($000)	$31,548		
2				
3	Year Average Common Equity Balance ($000)	$461,939		
4				
5	BGC Return on Equity	6.83%		
6				
7	DTE 03-40 Thresholds		14.20%	6.20%
8				
9	% Over/Under Bandwidth		0.00%	0.00%
10				
11	Amount Over/Under Bandwidth		$0	$0
12			0.00%	
13	75% to Shareholders		$0	$0
14	25% to Customers		$0	$0
15				

Earnings Sharing Calculation

Line No.		2004 Actual	Upper Bandwidth	Lower Bandwidth
1	BGC Net Income ($000)	$31,548		
2				
3	Year Ending Common Equity Balance ($000)	$479,812		
4				
5	BGC Return on Equity	6.58%		
6				
7	DTE 03-40 Thresholds		14.20%	6.20%
8				
9	% Over/Under Bandwidth		0.00%	0.00%
10				
11	Amount Over/Under Bandwidth		$0	$0
12			0.00%	
13	75% to Shareholders		$0	$0
14	25% to Customers		$0	$0
15				